

Impact of the Governor's Proposal to eliminate Motor Vehicle Taxes:

Sec. 16. Section 12-81 of the general statutes is amended by adding subdivision (78) as follows (*Effective from passage and applicable to assessment years commencing on or after October 1, 2013*):

(NEW) (78) (A) An eligible vehicle belonging to any person who is an owner or a lessee of such eligible vehicle, provided this exemption shall apply to the net assessed value of such eligible vehicle up to a maximum value of twenty thousand dollars.

(B) Notwithstanding the provisions of section 12-62, in order to implement the provisions of this subdivision, any town scheduled to implement a revaluation on October 1, 2014, or October 1, 2015, may advance such revaluation to October 1, 2013, and proceed on the schedule provided in section 12-62 thereafter.

(C) For purposes of this subdivision, "eligible vehicle" means a car, light duty truck, pick-up truck or motorcycle identified on a list the Commissioner of Motor Vehicles provides to the assessor of each town, pursuant to section 14-163; "lessee" means a person who leases an eligible vehicle for a period of not less than one year, from a lessor who is a licensee, under section 14-15, pursuant to a written lease agreement that assigns responsibility for the payment of any property tax for the eligible vehicle to such lessee, regardless of whether a charge for such tax is separately stated in said agreement, or on a bill or invoice that may be rendered to the lessee by either a taxing jurisdiction or the lessor; "net assessed value" means the valuation of an eligible vehicle for purposes of assessment, less the total of all property tax exemption for which the owner of such eligible vehicle qualifies; and "person" means a natural person.

Sec. 17. (*Effective from passage and applicable to the assessment year commencing on October 1, 2012*) (a) For purposes of this section, "eligible vehicle" means a car, light duty truck, pick-up truck or motorcycle identified on a list the Commissioner of Motor Vehicles provides to the assessor of each town, pursuant to section 14-163 of the general statutes, and "lessee" means a person who leases an eligible vehicle for a period of not less than one year, from a lessor who is a licensee, under section 14-15 of the general statutes, pursuant to a written lease agreement that assigns responsibility for the payment of any property tax for the eligible vehicle to such lessee, regardless of whether a charge for such tax is separately stated in said agreement, or on a bill or invoice that may be rendered to the lessee by either a taxing jurisdiction or the lessor; "net assessed value" means the valuation of an eligible vehicle for purposes of assessment, less the total of all property tax exemption for which the owner of such eligible vehicle qualifies; and "person" means a natural person.

(b) A municipality may, by vote of its legislative body, or, in a municipality where the legislative body is a town meeting, by vote of the board of selectmen, abate up to one

hundred per cent of the property taxes due from a person who is the owner or lessee of an eligible vehicle for the assessment year commencing October 1, 2012, with respect to the net assessed value of such eligible vehicle up to a maximum value of twenty thousand dollars. Notwithstanding any provision of the general statutes, any special act or any municipal charter, any municipality adopting the provisions of this section shall finalize its amended grand list of October 1, 2012, not later than May 1, 2013, and shall set its mill rate not later than June 1, 2013.

This proposal is an exemption that is applied to specific types of registered motor vehicles as defined in the proposal. It excludes such items as a utility, horse or boat trailer, heavy duty trucks and travel trailers or motor homes. A vehicle assessed above \$20,000 would still receive the exemption resulting in a tax bill for any amount of the assessment over the \$20,000. As far as saving the Town money, the work in the Assessor's would increase due to still having a motor vehicle list that would now have an exemption that would need to be applied to most of the accounts and the office would still be required to have the printed Grand List book for the Motor Vehicles. This would also be true for the Supplemental Motor Vehicle Grand List which the figures for this was not calculated. Another issue that I have is the reimbursement for a Veteran's benefit. We are required to apply non-reimbursed exemptions first, then one that is reimbursed if there is a remaining balance in assessment.

Based on the actual October 1, 2012 Motor Vehicle Grand List figures, and with the current mill rate of 33.55, not factoring in any collection rate or leverage for pro-ration of vehicles disposed of during the assessment year, these are some proposed impacts for the Town of Hebron.

Total MV Grand List;	69,825,525	x's 33.55 mills =	
\$2,342,646 in proposed taxes			
Total assessment on the			
Exemption of \$20,000	55,272,010	x's 33.55 mills =	\$1,854,376
revenue loss			

With a current total grand list of 772,697,085 x's 33.55 mills = revenue of \$25,923,987
 With the loss of 55,272,010 in assessment for an exemption of \$20,000 the total grand list would be 717,425,075 and to generate the same amount of revenue of \$25,923,987 the mill rate would increase to 36.13 mills (an increase of 2.58 mills)

Impact to individual properties: I used the example of average assessment for a low, medium and high valued property and factored the actual vehicles assessed for that location. The increase to the real estate tax is based on the fictitious increase of the mill rate (36.13 mills) whereas the motor vehicle taxes are still based on the 33.55 mill to show what would have been paid if not exempt and this represents an offset of the real estate increase. (Note; Total MV assmt. may include multiple vehicles with a value less than \$20,000)

	<u>Property</u>	<u>/assessment</u>	<u>tax diff.</u>	<u>Total MV assmt.</u>	<u>MV taxes</u>	<u>total diff.</u>
Low:	78 Jan Dr.		+\$334	2,080		\$70
+\$267						

129,430

Medium:	55 Burrows Hill Rd.	+\$475	38,500	\$1,292
				-\$817

184,310

High:	80 Chesterfield Rd.	+\$685	14,270	\$479
				+\$206

265,440

This example does not necessarily mean that the increase or decrease to all individuals total tax liability will change based on these figures; it will depend on the values of their motor vehicles and how much it will offset their increase in the real estate taxes.

Impact to the Personal Property and Commercial properties:

The Personal Property portion to the Grand List is that of assessable items located in town and owned by Businesses. The largest account is for CL&P at \$6,721,980. This company does not have motor vehicles registered to the Town of Hebron; therefore they would see only an increase to their personal property taxes and have no offset from motor vehicles. Their current assessment times the current mill rate = taxes \$225,522. If the mill rate increased to 36.13 the taxes would be \$242,865, and increase of \$17,343.

There would be increases to all Personal Property accounts and unless they have a registered motor vehicle there would be no offset in that increase. The same would be true for commercial and industrial real estate accounts. This would mean increases to our local businesses. Keep in mind that some of these businesses do have registered motor vehicles, such as heavy duty trucks. These vehicles will still be assessed and taxed, which would mean, even though they have an increase in the real estate and personal property, they will still be getting the motor vehicle tax bill as well.

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